

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D C. 20554

In the matter of:

2000 Biennial Regulatory Review)	
)	
Requirements Governing the NECA Board)	
of Directors under Section 69.602 of the)	
Commission's Rules)	CC Docket No. 01-174
)	
And)	
)	
Requirements for the Computation of Average)	
Schedule Company Payments under Section)	
69.602 of the Commission's Rules)	

Initial Comments of Fred Williamson & Associates, Inc.

Fred Williamson & Associates, Inc. ("FW&A") respectfully submits Initial Comments in response to the NPRM regarding the NECA proposal that annual elections for selected board members be eliminated and replaced by periodic elections. The FCC seeks comment in this docket regarding the election process of NECA Board Members.

FW&A also submits Initial Comments regarding the Average Schedule Company Payments and comments pertaining to the proposed formula modifications from NECA. The NPRM seeks to resolve simplification and reform issues.

Rules Governing NECA Board of Directors – Section 69.602

Presently, all ILECs, regardless of size, are members of NECA. Membership is grouped into three divisions:

- Bell Operating Companies (2 Board members)
- Other Carriers with revenues of \$40 million or more (2 Board members)
- All remaining Carriers (6 Board members)

These three divisions supply 10 of the 15 Board members that govern the Association. The five remaining Directors are elected from outside the Telecommunications Industry.

NECA contends that annual elections for Board Directors under section 69.602 imposes a significant burden as to costs that include fees for independent inspectors of elections and costs associated with the printing and mailing of ballots. Directors must also incur the time and expense of annual campaigns which impose considerable paperwork burden on the companies involved. NECA proposes that periodic elections for the Board of Directors be instated, thus eliminating time and expenses associated with the previous configuration.

FW&A does not have any objections to eliminating the annual elections requirements and incorporating other measures such as staggered terms and/or term limits. By simplifying the election procedure, the industry would do away with unnecessary regulatory burdens and replace them with measures more appropriate for today's marketplace, as well as eliminating a considerable amount of time and expenses. We recommend, however, that the "periodic" elections have some degree of specificity in order to provide certainty to elections and assure necessary Board member turnover is carried out without significant subjectivity.

Average Schedule Company Payments – Section 69.606

The Commission seeks comments on several options to streamline the manner in which the Average Schedule Formulas are developed by NECA. With these formulas, NECA computes average schedule company settlements that approximate amounts that would be received by a cost company. This process recognizes the limited resources of smaller companies and avoids the expense of preparing cost studies by eligible small companies.

In the NPRM, the Commission proposes several alternatives to simplify and streamline specific formulas and processes for payments to average schedule companies in future years. FW&A does not have comments regarding specific changes to the average schedule formulas. FW&A supports simplification and streamlining of the average schedule process. However, any changes to this process should not disrupt the status quo. FW&A recommends that the Commission adhere to the following guidelines with respect to changes in the average schedule process:

- Any proposed changes, to the extent that they affect average schedule settlements, should be quantified as public information so that affected companies may assess the impact of the changes.
- Simplification and streamlining should not significantly change the results for average schedule companies and the distribution of revenues to NECA Pool members.
- Any potential changes should not significantly impact interstate access charges of the NECA pool members.

Conclusion

The Commission should use this opportunity to consider and develop rational guidelines that can address the needs of the Telecommunications Industry. The resolution of the questions brought forth in this NPRM should not disrupt the status quo that currently exists in the NECA Pools.

Respectfully submitted,

Fred Williamson & Associates, Inc.